WOMEN'S BUREAU
U.S. DEPARTMENT OF LABOR

ISSUE BRIEF

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UNDERSTANDING THE GENDER WAGE GAP

What is the Gender Wage Gap?

The Equal Pay Act of 1963 prohibits wage discrimination on the basis of sex, yet as far back as data has been collected, women, on average, have been paid less than men.[1] In 2021, when comparing the median annual earnings of workers employed full-time, year-round, for every dollar paid to men, women were paid 84 cents.[2] For every dollar paid to white non-Hispanic men:

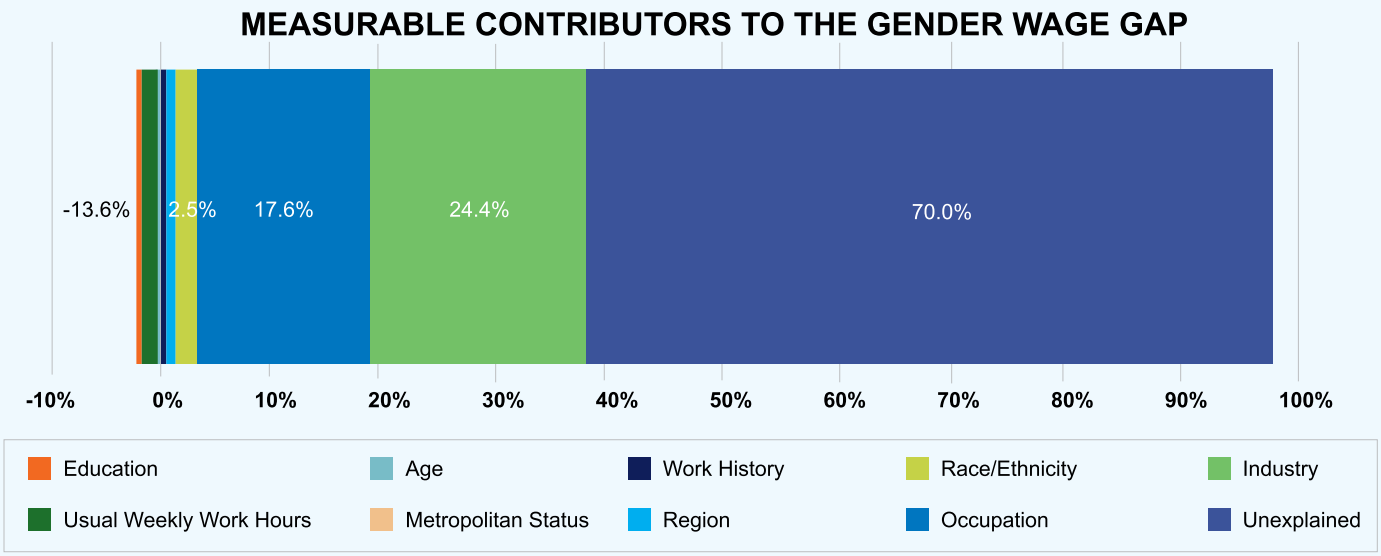
- White, non-Hispanic women were paid 80 cents,
- Black women were paid 67 cents, and
- Hispanic women (of any race) were paid 57 cents.[3]

The gender and racial wage gaps are often calculated based on earnings data for women and men who work full-time, year-round in order to control for differences in work hours and experience. And while these statistics are an important measure of gender, racial and ethnic inequality, they can mask diverse experiences among sub-populations and omit certain workers. We know, for example, that women are less likely than men to be employed full time or for the full year. In total, about two-thirds (64.6%) of working women are employed full-time, year-round compared to three-quarters (74.8%) of men.[4]

What Causes the Gender Wage Gap?

Working to eliminate the gender wage gap requires looking beyond these statistics to explain why women's earnings are lower even when they work full time, all year long. A recent report coauthored by the U.S. Census Bureau and the Department of Labor's Women's Bureau provides what is currently the most comprehensive examination of the causes behind the gender wage gap.[5] The report uses detailed survey and administrative records data to identify pay differences between women and men and quantifies the most important contributors to the wage gap.

Using more detailed and expansive data than was previously available, the analysis shows that about a third of the gap between full-time, year-round working men and women's wages can be explained by worker characteristics, such as age, education, industry, occupation, or work hours. However, roughly 70% cannot be attributed to measurable differences between workers. At least some of this unexplained portion of the wage gap is the result of discrimination, which is difficult to fully capture in a statistical model.



SOURCE: Foster, Thomas B., Marta Murray-Close, Liana Christin Landivar, and Mark DeWolf. An evaluation of the gender wage gap using linked survey and administrative data, (Washington DC: US Census Bureau, Center for Economic Studies, 2020), https://www2.census.gov/ces/wp/2020/CES-WP-20-34.pdf

The Impact of Occupation and Industry

Although most of the wage gap between men and women cannot be explained through measurable differences, by far the largest contributors we can measure are the types of jobs that women have, and the lower compensation offered in those jobs. Specifically, differences in the industries and occupations where men and women work explain 42.0% of their variance in earnings.

Women's overrepresentation in certain jobs and underrepresentation in others has a number of different causes.[6] Social norms and stereotypes shape opportunities and choices,[7] and educational sorting and training gaps make certain pathways more or less feasible.[8] Women are more likely to take on family caregiving responsibilities, which can limit women's options for paid work,[9] while workplace discrimination, culture, and harassment can push women out of jobs, prevent them from advancing in their careers, or keep them from entering in the first place.[10] And in the end, occupational and industry segregation leads to lower pay for women and contributes significantly to the gender wage gap.

First, **the jobs where women represent most of the workforce often pay low wages**. This is especially true in the care economy. The majority of childcare workers, maids and housekeeping cleaners, home health aides and personal care aides are women, and these are all jobs where the pay is significantly below average wages.[11] Women-dominated jobs are also less likely to include benefits like employer-provided health insurance and retirement plans compared to occupations dominated by men.[12]

Second, regardless of the gender composition of jobs, **women tend to be paid less on average than men in the same occupation even when working full time**. When comparing more than 300 detailed occupations, there are none where women have a statistically significant earnings advantage over men, but hundreds where men have significantly higher earnings than women.[13] These gendered differences in pay are common across both high-and

low-paid occupations. For example, women represent 86% of registered nurses, a higher than average paying job, but are paid only 89.4% of what their male peers receive.[14] Women are 90% of all receptionists and information clerks, but their average weekly pay is only 78.7% of men's, a significant difference (amounting to nearly $200 per week) for these women workers who are already being paid an average of only two-thirds the median wage.[15]

And third, because women's labor is so devalued, **the average pay for an occupation has been shown to decrease when women start to enter a field in larger numbers.** Occupations that employ a larger share of women pay lower wages even after accounting for characteristics of the workers and job, such as education, skills, and experience.[16]

Focusing specifically on Black and Hispanic women to disaggregate the causes of the gender wage gap relative to white, non-Hispanic men,[17] research shows that differences in occupation and industry are the single largest measurable cause of women's lower wages. As a result, Black women lose an estimated $39.3 billion, and Hispanic women an estimated $46.7 billion, in lower wages each year compared to white men that can be attributed to segregation by occupation and industry.[18]

Other Contributors

About 30% of the wage gap can be explained by measurable differences between men and women. Interestingly, some of these, like education, help narrow the wage gap since women overall have greater educational attainment than men.[19] But the fact that women are more educated than men is still not enough to bring them to parity. Gender norms, stereotypes, and discrimination mean that women's returns on degree attainment are not equal to those of men and men with lower levels of educational attainment typically are paid more than more highly educated women even when working similar hours.[20]

Pay differs substantially by gender and by race and ethnicity. But race and ethnicity—on their own, when other measurable characteristics are controlled for—explain a relatively small portion of the wage gap, accounting for just 2.5% of the total differences in wages between women and men. This is caused by several interrelated reasons.

Some of the differences in the wages between Black and Hispanic women and white, non-Hispanic men can be explained by other measurable factors. For example, Black and Hispanic workers tend to be younger[21] and there are significant variations in educational attainment across the labor force by race, ethnicity, and gender.[22] Statistical modeling separates out the impact of these differences to quantify their contribution to the wage gap individually, which means that the 2.5% of the wage gap attributed to race is due only to the impact of race, not to different patterns in age, education, or type of job. The fact that race remains a contributor to the wage gap even when accounting and controlling for other observable differences is meaningful, since in the absence of discrimination race and ethnicity on their own should have no impact on wages.

The overall wage gap numbers also reflect the reality that racial and ethnic stereotypes and expectations, in addition to gender stereotypes, start to impact people at a young age and can significantly shape life and career trajectories in ways that are not necessarily reflective of an individual's interests or capabilities. While statistical modeling allows for the examination of some of these factors individually, in people's lives they are experienced simultaneously, often in complex ways. The overlapping impact of racial, ethnic, and gender stereotypes can influence the availability of and access to opportunities like education, training, and the types of jobs workers hold.[23]

Conclusion

Efforts to close the gender and racial wage gap should address the leading contributors to differences in pay. Solutions must address occupational and industry segregation, while at same time addressing discrimination and other factors not easily captured in statistical models. This will require supporting women entering male-dominated fields, raising wages and job quality across all sectors and especially in women-dominated jobs, and ensuring racial and gender equity in the high growth fields creating the jobs of the future.

Endnotes

[1] Equal Pay Act, 29 U.S.C., Chapter 8 sec. 206(d), (1963); U.S. Census Bureau, "Table P-41. Work Experience—Workers by Median Earnings and Sex," (Washington DC: U.S. Census Bureau, September 15, 2022), https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-people.html.

[2] The exact wage gap statistics vary depending on the populations included—for example, if part-time or part-year workers are also incorporated—and whether the wage data consists of annual, weekly, or hourly averages. U.S. Census Bureau, "Work Experience—Workers by Median Earnings and Sex," (2022).

[3] Values in text have been rounded, Overall wage ratio: 83.7%, white, non-Hispanic women: 79.9%; Black women: 67.2%; Hispanic women: 57.1%. U.S. Census Bureau, "Work Experience—Workers by Median Earnings and Sex," (2022).

[4] In 2021 comparing all workers: 74.6% of men and 64.5% of women worked full-time, year-round, 12.0% of men and 11.9% of women worked full-time, part-year, 6.4% of men and 12.6% of women worked part-time, year-round, and 7.0% of men and 11.1.% of women worked part-time, part-year U.S. Census Bureau, "Work Experience—Workers by Median Earnings and Sex," (2022).

[5] Foster, Thomas B., Marta Murray-Close, Liana Christin Landivar, and Mark DeWolf. *An evaluation of the gender wage gap using linked survey and administrative data*, (Washington DC: US Census Bureau, Center for Economic Studies, 2020), https://www2.census.gov/ces/wp/2020/CES-WP-20-34.pdf.

[6] U.S. Department of Labor, "Bearing the Cost: How Overrepresentation in Undervalued Roles Hurt Women During the Pandemic," (Washington DC: U.S. Department of Labor, March 15, 2022), https://www.dol.gov/sites/dolgov/files/WB/media/BearingTheCostReport.pdf.

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[9] Evans, John M., "Work/Family Reconciliation, Gender Wage Equity and Occupational Segregation: The Role of Firms and Public Policy." Canadian Public Policy/Analyse de Politiques (2002): S187-S216, https://econpapers.repec.org/article/cppissued/v_3a28_3ay_3a2002_3ai_3as1_3ap_3a187-216.htm.

[10] Das and Kotikula, "Gender-based Employment Segregation: Understanding Causes and Policy Interventions," (2019).

[11] U.S. Bureau of Labor Statistics, Current Population Survey, "Table 39, Median weekly earnings of full-time wage and salary workers by detailed occupation and sex, 2022," Raw Data, (Washington DC: U.S. Bureau of Labor Statistics, January 25, 2023), https://www.bls.gov/cps/cpsaat39.htm.

[12] Hodges, Lesli, "Do female occupations pay less but offer more benefits?," *Gender & Society* 34, no. 3 (2020): 381-412, https://journals.sagepub.com/doi/abs/10.1177/0891243220913527.

[13] Foster, Thomas B., Marta Murray-Close, Liana Christin Landivar, and Mark DeWolf. *An evaluation of the gender wage gap using linked survey and administrative data*, (2020).

[14] U.S. Bureau of Labor Statistics, Current Population Survey, "Table 39, Median weekly earnings of full-time wage and salary workers by detailed occupation and sex, 2022."

[15] Ibid.

[16] Levanon, Asaf, Paula England, and Paul Allison, "Occupational Feminization and Pay: Assessing Causal Dynamics Using 1950–2000 US census data," *Social Forces* 88, no. 2 (2009): 865-891.

[17] Paul, Mark, Khaing Zaw, Darrick Hamilton, and William Darity Jr., "Returns in the labor market: A nuanced view of penalties at the intersection of race and gender," *Washington Center for Equitable Growth Working Paper Series*, (Washington DC: Washington Center for Equitable Growth, 2018), https://equitablegrowth.org/working-papers/intersectionality-labor-market/; Bahn, Kate, and Will McGrew, "The intersectional wage gaps faced by Latina women in the United States," (Washington DC: Washington Center for Equitable Growth, 2018), https://equitablegrowth.org/the-intersectional-wage-gaps-faced-by-latina-women-in-the-united-states/.

[18] U.S. Department of Labor, "Bearing the Cost: How Overrepresentation in Undervalued Roles Hurt Women During the Pandemic," (2022).

[19] Matias, Dani, "New Report Says Women Will Soon Be Majority of College-Educated U.S. Workers," *NPR*, June 2019, https://www.npr.org/2019/06/20/734408574/new-report-says-college-educated-women-will-soon-make-up-majority-of-u-s-labor-f; U.S. Census Bureau, "Table 3. Detailed Years of School Completed by People 25 Years and Over by Sex, Age Groups, Race and Hispanic Origin: 2021," (Washington DC: U.S. Census Bureau, February 24, 2022), https://www.census.gov/data/tables/2021/demo/educational-attainment/cps-detailed-tables.html. In addition to having higher average years of formal education, women are more likely than men to have completed academic Associate's, Bachelor's or Master's degrees.

[20] Foster, Thomas B., Marta Murray-Close, Liana Christin Landivar, and Mark DeWolf, *An evaluation of the gender wage gap using linked survey and administrative data*, (2020).

[21] U.S. Bureau of Labor Statistics, "Median age of the labor force, by sex, race, and ethnicity, 2001, 2011, 2021, and projected 2031," (Washington DC: U.S. Bureau of Labor Statistics, September 8, 2022), https://www.bls.gov/emp/tables/median-age-labor-force.htm.

[22] U.S. Department of Labor, Women's Bureau, "Educational attainment of the labor force by sex, race, and Hispanic ethnicity," (Washington DC: U.S. Department of Labor, n.d.), accessed on January 25, 2023, https://www.dol.gov/agencies/wb/data/annual-data/educational-attainment-laborforce-sex-race-.

[23] McGee, Ebony Omotola, "Interrogating structural racism in STEM higher education," *Educational Researcher* 49, no. 9 (2020): 633-644; Corra, Mamadi, and Michael J. Lovaglia, "Too small to see? African-American under-enrollment in advanced high school courses," *Journal of Women and Minorities in Science and Engineering* 18, no. 4 (2012) ; Rosette, Ashleigh Shelby, Rebecca Ponce de Leon, Christy Zhou Koval, and David A. Harrison, "Intersectionality: Connecting experiences of gender with race at work," *Research in Organizational Behavior* 38 (2018): 1-22.